

## **Legislative Notice**

No. 18

July 26, 2001

### **S. 1246 – Emergency Agriculture Assistance Act of 2001**

Calendar No. 102

Placed on the Calendar July 25, 2001, following a markup in the Senate Agriculture, Nutrition, and Forestry Committee; an original bill with no written report.

#### **NOTEWORTHY**

- Yesterday, July 25, 2001, the Senate Agriculture Committee approved a farm aid package proposed by Chairman Harkin. S. 1246 will provide \$7.49 billion in assistance to U.S. agricultural producers, \$5.5 billion of which would be supplemental FY01 funds, and the remainder would be supplemental FY02 funds. [See chart on p. 3 of this Notice.]
- Ranking Member Lugar offered a \$5.5-billion alternative which closely parallels the House-passed bill, and provides all FY01 funds. The alternative was defeated on a 12-9 vote with all Republicans, except Senator Tim Hutchinson, voting for the Lugar substitute.
- The House passed its \$5.5-billion package on June 26, 2001 (H.R. 2213). All of the funds are provided from FY01 spending, and of that amount, \$4.6 billion would be for market loss assistance (AMTA) payments. S. 1246 provides \$5.47 billion for AMTA payments.
- The Fiscal Year 2002 Budget Resolution, H. Con. Res. 83, provides for advanced emergency funds of \$5.5 billion for FY 2001 and \$7.35 billion for FY 2002.
- Senator Lugar may offer a \$5.5-billion substitute to the Harkin bill. Senator Cochran may also offer a substitute. [Details of a possible Cochran amendment are contained in this Notice.]
- OMB Director Daniels, in a letter to Chairman Harkin, said he will “recommend that the President not sign a bill providing more than \$5.5 billion in additional assistance for crop year 2001.” The Administration strongly supports the House bill. [See Statement of Administration Policy on H.R. 2213, reprinted on p. 4 of this Notice.]

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## HIGHLIGHTS

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S. 1246 would provide \$5.47 billion for supplemental income assistance to feed grains, wheat, rice, and cotton producers receiving Agricultural Market Transition Act (AMTA) payments. It also allows producers with crops on non-contract acres to participate in the market assistance loan program for the 2001 crop year. Additionally, the bill provides \$542 million for conservation programs. Also, the bill:

- suspends a sugar marketing assessment for FY02;
- extends the dairy price support program for one year through the end of calendar year 2002;
- expands emergency loan eligibility to energy costs and costs of energy-intensive supplies such as fertilizers;
- establishes a senior scientific research service at the USDA; and
- directs the USDA to establish a national organic certification cost-share program.

See the chart detailing the bill as reported on the following page.

### **Cochran Substitute**

Senator Cochran may offer a substitute to the bill which would provide a total of \$6.475 billion in economic assistance to farmers, which is just over half of the total amount of \$12.85 provided in the Budget Resolution for FY 2001 and 2002. This would allow a remainder of approximately \$6.4 billion for assistance for the 2002 crop year if a new farm bill is not implemented. The amendment would provide \$5.47 billion for market loss assistance to farmers, which amounts to the same level of support that farmers have received for the past two years. It also provides an additional \$975 million in funding from the FY02 budget to provide \$500 million for oilseed assistance (same as last year) and \$509 million for peanuts, sugar, honey, wool and mohair, aquaculture, and other specialty crops. A table describing the Cochran amendment is on the final page of this Notice.

### **Lugar Substitute**

At press time, details of a possible Lugar substitute were not available. During committee markup, Senator Lugar offered an alternative closely paralleling the House bill and providing \$5.5 billion in FY01 supplemental funding, of which \$5.057 billion would be for market loss assistance (AMTA) payments.

# S. 1246, Emergency Agriculture Assistance Act of 2001

[Dollars in billions]

*Note: This chart was prepared from an early draft of the bill, and may not comport completely with the bill as reported.*

<b><u>FY01 Spending</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>
Direct payments		
Market Loss Assistance (AMTA)	\$5.466	\$4.622
Cottonseed (September)	\$0.034	
<b>Subtotal (FY01)</b>	<b>\$5.500</b>	
<b><u>FY02 Spending</u></b>		
Cottonseed (October) (Total:\$100 million)	\$0.066	\$0.085
Oilseed payments	\$0.500	\$0.424
Peanut assistance	\$0.055	\$0.054
Peas and lentils	\$0.020	
Dairy assistance	\$0.042	
Sugar (suspend assessment)	\$0.044	
Honey assistance	\$0.011	
Sugar beets disaster assistance	\$0.009	
Wool and mohair assistance	\$0.017	\$0.017
Conservation programs	\$0.542	
CRP technical assistance:	(\$0.044)	
Wetlands Reserve Program (WRP):	(\$0.200)	
EQIP	(\$0.250)	
Wildlife Habitat Program (WHIP)	(\$0.007)	
Farmland Protection Program (FPP)	(\$0.040)	
Commodity purchases	\$0.270	
Expand LDP eligibility for 01 crop year	\$0.040	
Flooded lands assistance	\$0.034	
Tobacco	\$0.080	\$0.129
Apple market loss	\$0.150	
Emergency Food Assistance (distribution)	\$0.010	\$0.010
Loans for value-added rural enterprises	\$0.020	
Grants for value-added development	\$0.020	
Farmers Market Program for Seniors	\$0.020	
Army worm losses	\$0.025	
Organic certification	\$0.004	
SARE Grants	\$0.003	
<b>Subtotal (FY02)</b>	<b>\$1.982</b>	
 <b>Total (FY01 and FY02)</b>	 <b>\$7.490</b>	

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## ADMINISTRATION POSITION

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The Office of Management and Budget (OMB) has not issued a Statement of Administration Policy on S. 1246. However, on July 25, Mitchell Daniels, OMB Director, issued a letter to Chairman Harkin, saying he would recommend “that the President not sign a bill providing more than \$5.5 billion in additional assistance for crop year 2001.” The letter also states, “We suggest that it is premature to be spending funds allocated in the Budget Resolution for 2002. Moreover, we remain strongly convinced that \$5.5 billion is adequate for this year.”

On June 26, 2001, the OMB issued a strong statement of support for the House bill, saying:

The Administration strongly supports H.R. 2213, as reported by the Committee on Agriculture. The Administration is pleased that the bill provides \$5.5 billion in assistance, the maximum amount provided for in the budget resolution, and the maximum amount the Administration believes is appropriate for FY 2001. The addition of \$5.5 billion in assistance would boost real farm net cash income to an estimated \$52.3 billion for this year, \$1.2 billion higher than last year. The Administration urges Congress to enact H.R. 2213 expeditiously so that assistance can be made available as soon as possible.

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## Possible Cochran Amendment

Market Loss Payment	\$5.466 billion
Cottonseed Assistance	\$ 34 million
<b>Subtotal FY01</b>	<b>\$5.5 billion</b>
 FY02 Spending	
Oilseed Payment	\$500 million
LDP eligibility for FY01 crop year	\$ 40 million
Peanuts	\$ 56 million
Sugar (suspend assessment)	\$ 44 million
Honey	\$ 27 million
Wool and Mohair	\$ 17 million
Cottonseed	\$ 66 million
Tobacco	\$100 million
Equine Loans	-0-
Commodity Purchases	\$ 80 million
Aquaculture	\$ 25 million
Peas, Lentils and Pecans	\$ 20 million
Double LDP Limit for 2001 Crop	-0-
<b>Subtotal FY02</b>	<b>\$975 million</b>
 <b>Total</b>	 <b>\$6.475 billion</b>